

Ref: MPL / Sectl / BSE & NSE / E-2 & E-3 / 2020
18th July 2020

The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No .C/1, G Block,
Bandra-K urla Complex,
Bandra (East)
Mumbai - 400 051
Stock Code: MANALIPET C

The Manager,
Listing Department,
BSE Limited
1st Floor, New Trading Ring,
Rotunda Building, P J Tower,
Dalal Street, Fort,
Mumbai - 400 001.
Stock Code: 500268

Dear Sir,

Sub: Disclosure of material impact of COVID-19 - Pandemic – reg
Ref: E-mail from National Stock Exchange dated 8th July 2020

With reference to the e-mail dated 8th July 2020 from NSE cited above, we wish to confirm that we have provided separate updates on the COVID-19 situation in the Audited Financial Results for the quarter and year ended 31st March 2020 under Sl. No. 10 in the Stand Alone and Consolidated Results. However as advised vide the above e-mail we are enclosing a further update based on the current situation, which may kindly be taken on record.

Thanking you,

Yours faithfully,
For Manali Petrochemicals Limited

R Kothandaraman
Company Secretary

Encl.: as above

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UPDATE ON COVID-19 PANDEMIC ON THE COMPANY

Impact on the business of the Company

The spread of COVID 19 has severely impacted businesses in India and abroad. The regular business operations have been disrupted severely due to lock downs, restrictions in transportation, supply chain disruptions, travel bans, social distancing and other emergency measures. In consequence of the lockdown and other measures imposed by the Governments under the Disaster Management Act, 2005, the operations of both the plants of MPL were shut down in the last week of March 2020. The safety protocols for storage of the materials were duly followed during the shutdown period.

Restart and sustenance of operations

Production of various products of the Company restarted in phases from first week of April 2020, duly following the Government guidelines. By the third week of May 2020 all the major product lines have been restarted which have been disclosed to the Exchanges as periodical updates.

The situation is being monitored closely and suitable actions taken based on exigencies and regulatory requirement to ensure smooth functioning of the plants and offices. Specifically, the Company followed the guidelines of the Government for safe restart and also strictly adheres to the standard operating procedures prescribed for the operations, such as social distancing, temperature checking and other precautions like wearing of masks, etc. Entry of visitors to the factories and offices are restricted and permitted only on need basis. Further, hands-free sanitizer stations have been placed in the work places and masks are issued to all the employees when they enter the premises. As far as possible, work from home is being followed and meetings are held through video conferencing. These have helped to manage the situation without any major hurdles.

Present impact of the pandemic on the Company's activities

Though sales of Propylene Glycol- IP, a pharmaceutical ingredient was not materially impacted, the demand for Polyols and related products have remained dormant in view of shut down of end-user operations due to the lockdowns. The prospects for revival of demand for the Company's products would depend on the general economic condition and consumer spend. Even if the user industries reopen and scale up, there could be challenges due to rampant dumping of products via imports by MNCs. The disposal of by products has also been a tough task, which in turn affects the production plans.



Manali Petrochemicals Limited

The capital and financial resources and ability to service the existing borrowings financial arrangements (which are only short-term) have not been impacted as also the liquidity position. However due to shutdown of operations, lower capacity utilization and dampened sales, the profitability has been affected significantly Vis-a-Vis the normal times.

As explained in the Notes to the Results, the Company has assessed the recoverability and carrying values of its assets comprising property, plant and equipment, intangible assets, trade receivables, inventory and investments as at balance sheet date. Based on the assessment, it has been estimated that the net carrying values of the said assets would be recovered at the values stated. The Company has also evaluated the internal controls including internal controls with reference to financial statements which have been found to be operating effectively given that there have been no dilution of such controls due to factors caused by COVID 19 situation. This has also been ensured by the Internal Auditors and the Statutory Auditors during their audits.

As regards supply chain, during the initial period of lockdown the Company faced certain issues, mainly on clearance of imported materials which had arrived as per the earlier schedule. These were sorted out quickly with minimum cost implications. There were also some issues in domestic movements which have since been smoothened. The Company has not faced any issues with respect to the contracts with major vendors and there are no such arrangements with the customers.

Future impact

Though lockdowns have been lifted partially, the situation has not come under control yet since the restrictions are re-imposed from time to time. In view of these, it is not possible to reliably estimate the future operational and financial implications arising from the pandemic situation on the Company's business. The impact assessment is a continuing process and evolving, given the uncertainties associated with the nature and duration of the current situation. The Company will continue to closely monitor any material changes in macro-economic conditions and take appropriate measures as may be required. Further updates, if any on the pandemic situation would be provided in the periodical results to be published by the Company.

